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Taxpayers loaned General Motors \$49 billion

Ex-“Car Czar” estimates taxpayer loss at approximately \$25 billion

20 members to President: “American taxpayers remain in the dark” regarding bailout details

WASHINGTON – Citing revelations that taxpayers have lost nearly half of the \$49 billion government bailout of General Motors (GM), U.S. Representative Mark Kirk (R-Ill.) and 19 colleagues will send a letter to President Obama today calling for more accountability of taxpayer funds.

“Despite this Administration’s pledge of transparency, the terms of the ‘Bridge Loan to Nowhere’ remain secret,” the lawmakers wrote. “Taxpayers are in the dark on the basic details of the taxpayers’ money at GM.”

Here are the investments that taxpayers made in GM:

December Loan

\$13B

Spring Loan

\$6B

June Loan/Equity

\$30B

Taxpayer Stocks & Loans

\$49B

Most of the loans were converted to stocks in June, resulting in the taxpayer owning 61 percent of GM. The funds come from the Troubled Asset Relief Program (TARP), a bailout never intended for such purposes.

Last Wednesday, ex-“Car Czar” Steve Rattner estimated that the taxpayers’ stake in GM now stands at \$25 billion – a nearly 50 percent decline. While sales for private-owned Ford Motors fell only 6 percent in September, government-owned GM saw a 45 percent decline.

“How much should taxpayers expect to lose from the ‘Bridge Loan to Nowhere?’, the lawmakers continued. “As the American people struggle through the Great Recession, they deserve better than a \$25 billion loss in a non-transparent investment.”

The letter and signers are below.

October 28, 2009

Dear Mr. President:

Last December, the U.S. Treasury Department loaned General Motors \$13 billion. In the spring,

Treasury loaned GM another \$6 billion. In June, days before GM declared bankruptcy, the Administration provided another \$30 billion – just in time to convert taxpayer loans to equity taking ownership of GM.

All of these funds came from the Troubled Asset Relief Program – a bailout never intended for such purposes. As the Congressional Oversight Panel wrote last month, “the use of TARP funds for the automotive industry raises questions regarding both Presidents’ authority to use these funds under EESA legislation and, more broadly, under the U.S. Constitution.”

Last week, Steve Rattner, your former “Car Czar,” estimated that the taxpayers’ stake in GM now stands at \$25 billion. If Mr. Rattner is correct, the Administration’s “Bridge Loan to Nowhere” lost half of the taxpayers’ money. And while sales for private-owned Ford Motors fell only 6% in September, government-owned GM saw a 45% decline.

Despite your Administration’s pledge of transparency, this “Bridge Loan to Nowhere” comes with none. American taxpayers remain in the dark when it comes to basic details of \$49 billion in taxpayers’ money provided to GM.

How much should taxpayers expect to lose from the “Bridge Loan to Nowhere?” When will we see the minutes from Automotive Task Force meetings? When will we see all financial and operating information for GM – at the same level of detail that shareholders of any other major company would expect?

As the American people struggle through the Great Recession, they deserve better than a \$25 billion loss in a non-transparent investment.

Sincerely,

Mark Kirk
John Boehner
Jeb Hensarling
Jeff Flake
Ileana Ros-Lehtinen
Doug Lamborn
Phil Roe
John Culberson
Lynn Jenkins
Judy Biggert
John Shimkus
Walter Jones
Tim Johnson
Bob Inglis
Randy Neugebauer
Kevin McCarthy
Pat Tiberi
Joseph Pitts

Paul Broun
Erik Paulsen